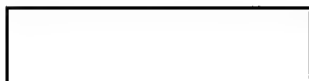


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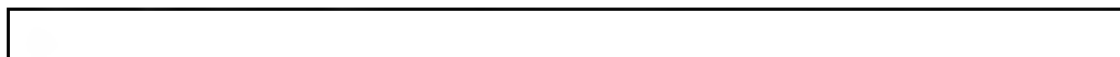
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*Vietnam: (Information as of 4:30 AM EST)

Political Developments in South Vietnam: Premier Ky yesterday made public his government's plans to handle the unrest in I Corps, where there are as yet no signs of compromise in the demands of the agitators.

Ky told members of the press that the government would at first use propaganda resources to present its case to the people in I Corps, but thereafter would employ strong measures if agitation continued. Ky again outlined his compromise plan for a constitutional preparatory committee, and said that he was continuing discussions with members of the Buddhist hierarchy in Saigon.

Agitation in the cities of Da Nang and Hue remained at low key again yesterday. However, a statement broadcast by the "representatives of the Buddhist chaplains in I Corps" over the municipal radio in Hue accused the military government of disregarding the rights of the people by refusing to organize elections for a constituent assembly. The statement also threatened that Buddhist soldiers would be called upon "to take a firm attitude and act" if the government attempted any reprisals against its critics in I Corps.

In Saigon, a moderately worded communiqué on eventual civilian government was issued yesterday by the liaison bureau of the Catholic archdiocese. The US Embassy has reported that the militant Father Quynh may also tone down his earlier criticisms of the Ky government. However, the embassy notes that a growing number of Catholics apparently are having serious doubts about the ability of the Ky government to survive current Buddhist pressures, and probably feel that it is preferable not to be associated too closely with it.

(continued)

The Military Situation in South Vietnam: South Vietnamese troops operating northwest of the provincial capital of Quang Tri since 27 March encountered stiff Viet Cong opposition. The operation has concluded with government casualties totaling 25 killed, 82 wounded, and four armored personnel carriers damaged. Enemy losses were 58 killed, six captured, and 25 weapons.

Elements of the US First Infantry Division and Australian troops today began a 15-day search and destroy operation in Phuoc Tuy Province. Suspected enemy forces in the area include two Viet Cong regiments, two independent battalions, and more than 2,000 local guerrillas. There have been no reports of enemy contact thus far.

Other Major Developments: The problem of Viet Cong use of Cambodian territory was discussed by Prince Sihanouk at a public cabinet meeting in Phnom Penh last week. The issue arose in the course of a discussion dealing with the settlement of Cambodians in border regions, a program which Sihanouk has been pushing for ten years and which he views as the only answer to the historical encroachment of Vietnamese on Cambodian territory.

Sihanouk said that he had recently received a report indicating that Vietnamese in the border area were building villages on Cambodian territory and that the Viet Cong were evacuating their wounded to these areas. Sihanouk claimed that he told the Viet Cong that they would not be authorized to set up hospitals or dispensaries in Cambodia. By way of compensation, Sihanouk said he offered to allow the Viet Cong to present their wounded to Cambodian authorities for treatment in Cambodian hospitals.

In another public statement dealing with the Cambodian rice situation, Sihanouk said that Cambodia had met a Viet Cong request for rice by "closing our eyes." He said that his decision was justified because Cambodia and the Viet Cong shared a common enemy in "US imperialism."

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This is the clearest indication to date that an apparent upswing in rice smuggling to the Viet Cong is being sanctioned in Phnom Penh. It apparently represents a change in policy since late last year when Sihanouk ordered measures to prevent the smuggling of rice to South Vietnam.

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Indonesia: [Army chief Suharto and his civilian colleagues view the revised cabinet as a step in their gradual campaign to end President Sukarno's political influence.]

[Foreign Minister Malik told US Ambassador Green on 28 March that he regarded the cabinet as a satisfactory compromise. Malik indicated that he personally wished to move faster than did Generals Suharto and Nasution. The future pace of the campaign against Sukarno will depend largely on further compromises among these three leaders and a few others.]

[Pressure from student and political groups, some of it officially inspired, will remain a factor. Suharto and his colleagues are aware of students' belief that the changes were inadequate, but hope to prevent further student demonstrations for the time being.]

[Indonesia's leaders hope gradually to diminish popular confidence and respect for Sukarno by publicizing the corruption of his palace clique. Daily newspapers and student weeklies are already carrying lurid exposés of alleged misdeeds and immoralities of former cabinet ministers. Government leaders believe that, once the proper climate is created, further demonstrations will be in order to demand trials for former Foreign Minister Subandrio and others who were close to Sukarno.]

[Malik also asked for US assistance in funding emergency rice purchases during the next few weeks. He stated that it was now politically possible openly to receive US aid for food.]

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Communist China: [Peking, facing an unusually tight world grain supply situation, has purchased 1.5 million tons of Canadian wheat for delivery in the last half of this year, and despite the relatively high price, is seeking more.]

[The Chinese leaders are apparently seriously concerned about the CPR's wheat supply and have opted to indicate that they will seek maximum quantities of Canadian wheat under the three-year pact concluded last year. This agreement provides for minimum annual deliveries of 1 to 1.5 million tons and maximum deliveries of up to 2.5 million tons per year.]

[Chinese grain buyers have scheduled talks with Peking's two other major suppliers, Australia and Argentina. Neither is in a position to sell China the substantial amounts of grain it did last year. Most of Argentina's exportable grain already has been allocated to its traditional markets and the Australian crop has been cut one-third by drought. To make up the shortfall, China probably will have to rely on minor suppliers such as Mexico and France. China already is making arrangements to meet with French grain traders.]

[Over the last five years, Chinese annual grain imports from the West have averaged approximately six million tons--valued at about \$400 million. No significant decline of imports is expected this year. Food production has not kept pace with population growth. Prospects are poor for the early 1966 harvest of grains sown last winter which account for about 20 percent of the annual total.]

USSR: Soviet party leader Brezhnev's keynote address at yesterday's opening session of the 23rd Party Congress appears to have broken little new ground in Soviet policy.

Although a full text is not yet available, the TASS summary of the speech suggests that the Soviet leadership intends generally to preserve the main lines of its foreign policy, continue the effort to restore momentum to the Soviet economy, and shore up domestic social discipline.

Brezhnev's report on foreign affairs, judging by the summary, was even in tone and measured in substance. It appears to indicate that Moscow is not prepared for now to engage in any major move in the international arena.

Brezhnev reiterated standard charges of US "aggression" in Vietnam. Also familiar was his assertion that the USSR stands ready to improve relations with the US, but that this cannot be done at the expense of Moscow's commitment to the North Vietnamese. Reflecting a confident mood stemming from the increasing isolation of the Chinese, Brezhnev made the barest possible reference to the state of Sino-Soviet relations, calling them "unsatisfactory."

The summary contains no mention of either Khrushchev or Stalin by name. Khrushchev was dealt with only indirectly in references to "certain miscalculations," "undue haste," and a "subjective approach" which had marred Soviet policy in recent years. Brezhnev indicated that there is to be a further undoing of Khrushchev's innovations by proposing changes in party practice and structure.

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The party presidium is to be renamed the "politburo," as was the case under Lenin and Stalin. The practice of convening "conferences" at the national level between party congresses is to be reinstated. This may make it easier to alter the makeup of the central committee between the quadrennial congresses and thus strengthen the hand of the party leadership. Brezhnev also called for abolition of the RSFSR Bureau which Khrushchev set up in 1956 to control party affairs of the huge Russian republic. The intention, presumably, is to return responsibility for these affairs to the party secretariat.

Brezhnev's discussion of economic matters was noteworthy for the assertions that the minimum monthly wage would be raised from 40 to 60 rubles during the five-year plan period and that a guaranteed monthly wage for collective farmers would be "gradually" introduced. The over-all minimum wage proposal goes beyond Khrushchev's 1970 goal of 50 rubles and is the only 1970 target announced by the post-Khrushchev regime that exceeds the original. The proposal for a guaranteed wage for collective farm workers has evidently been a bone of contention within the leadership.

In his first major statement on cultural policy, Brezhnev took a predictably doctrinaire line, calling for "party-mindedness" and a "class approach," although he made an effort to balance this by rejecting "arbitrary" interference.

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 The Under Secretary of State for Political Affairs
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